



FY 2022 Budget

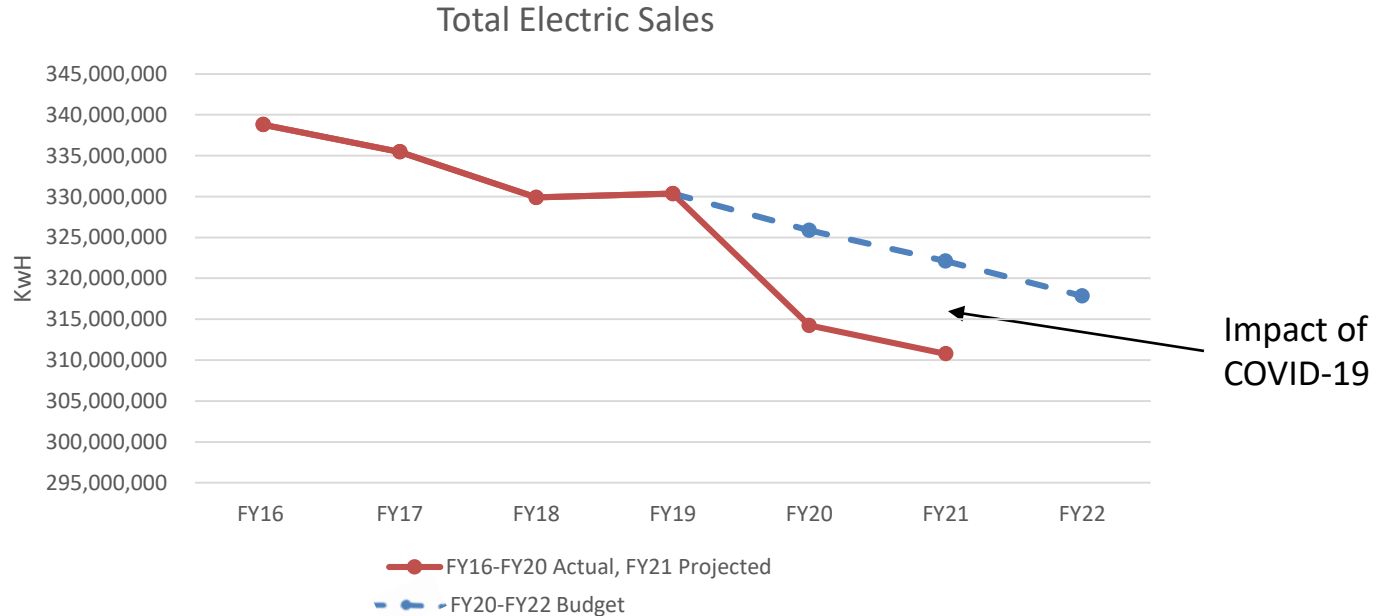
Presentation to Board of Finance

May 20, 2021



Lower kWh Sales due to COVID-19

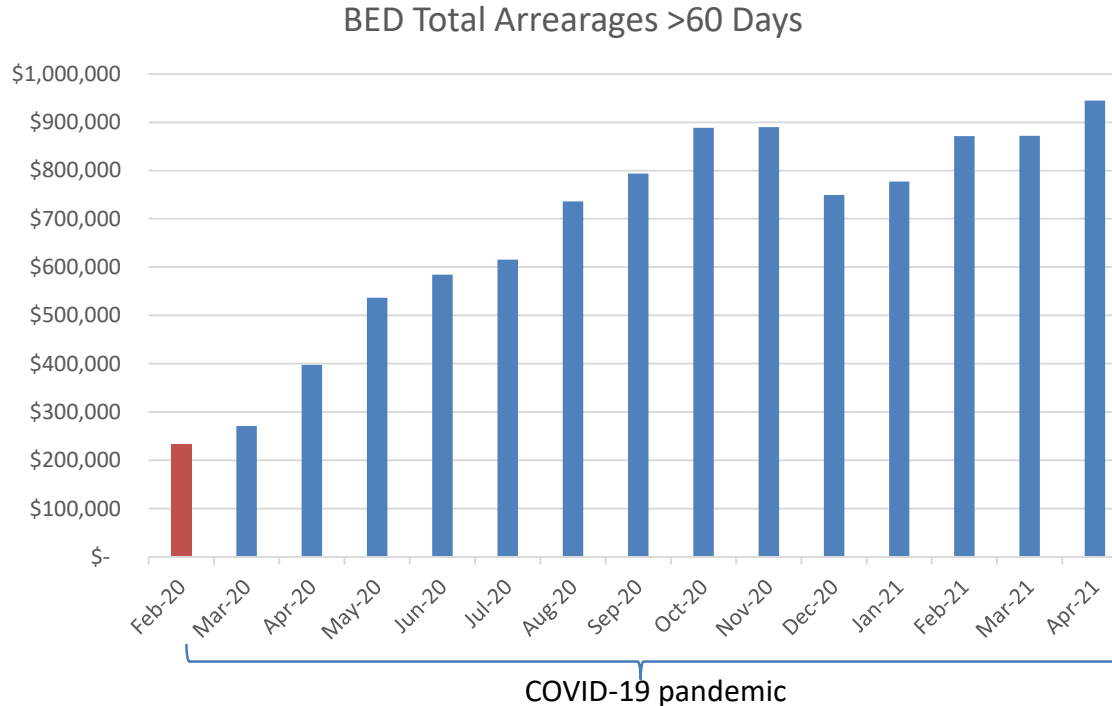
BED's Sales to Customers have declined by \$2.1M (compared to budgeted amount) since March 2020 due to COVID-19 impacts, exacerbating trend of customer loss and delayed expected additions. FY22 projections assume modest continuing COVID-19 economic impact.





Increased Customer Arrearages due to COVID-19

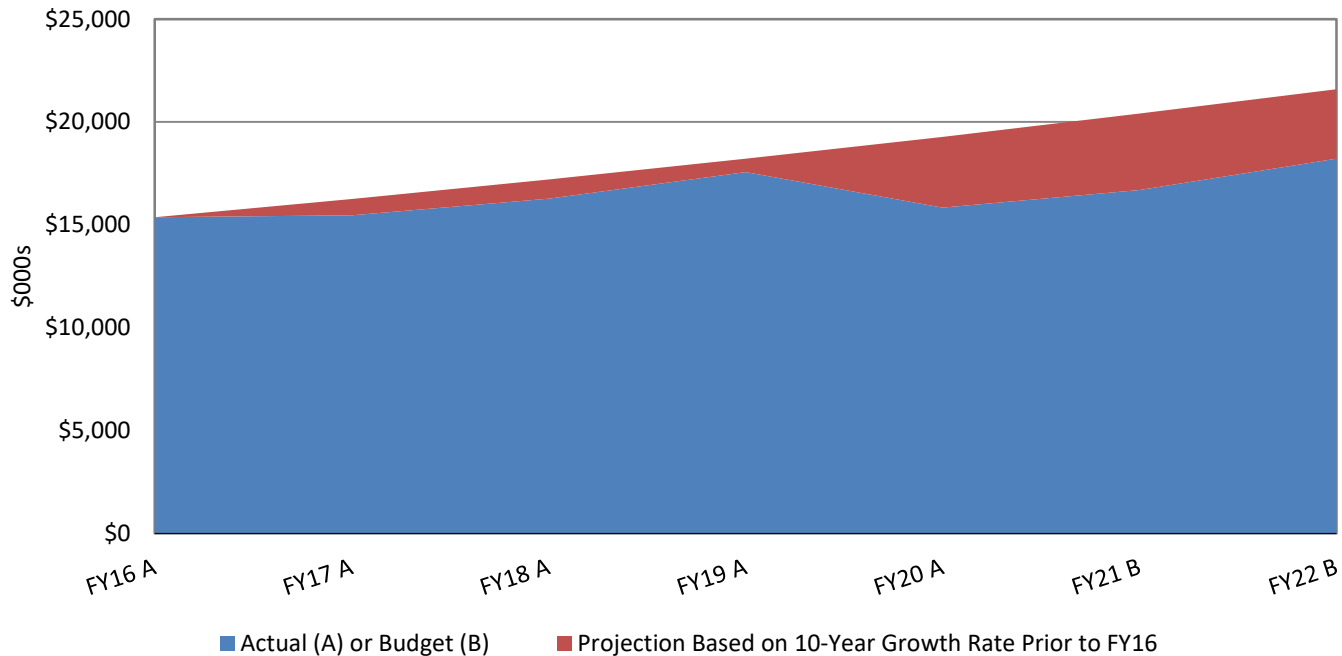
BED's customer arrearages over 60 days have increased fourfold since the pandemic began in March 2020. Total arrearages as of April 30, 2021 are over \$1.3M.





Holding Down Controllable Expenses

Continued fiscal discipline since FY16 has moderated annual increases in controllable expenses to 3.55% on average, compared to 5.84% between FY07-FY16.



*FY21 budget adjusted to include approximately \$1M in unbudgeted pension liability.



FY22 Budget Overview & Key Assumptions

- **Starting Cash Position for FY22** is approximately \$5M lower due to COVID-19 impacts
- **Operating Revenues \$60.6M** – 4.9% higher than FY21 budget
 - After 12 consecutive years of no increases, rate change of 7.5% to respond to COVID impacts
 - Decreased KWh sales to customers, some continued effects of COVID-19
 - Increased REC sales
- **Operating Expenses \$63.9M** – 8.5% higher than FY21
 - Increased state/regional transmission costs – approximately \$1.5 million more in FY22 compared to FY21
 - More accurate forecasting for pension liability and allocation of labor to capital
 - Increased depreciation expenses
- **Net Income \$808K** – \$1.1M lower than FY21 budget



FY22 Budget Overview & Assumptions (continued)

City Arrearage Assistance and Pandemic Relief - \$1.3 million from ARPA funds

Energy Assistance Program – one-time funding in FY22 to help offset impacts from rate increase for customers currently enrolled in state fuel assistance program, longer-term explore low-income rate

Capital Investments \$7.9M – same as FY21 budget, assumes at least \$3.7M from planned fall 2021 Net Zero Energy revenue bond

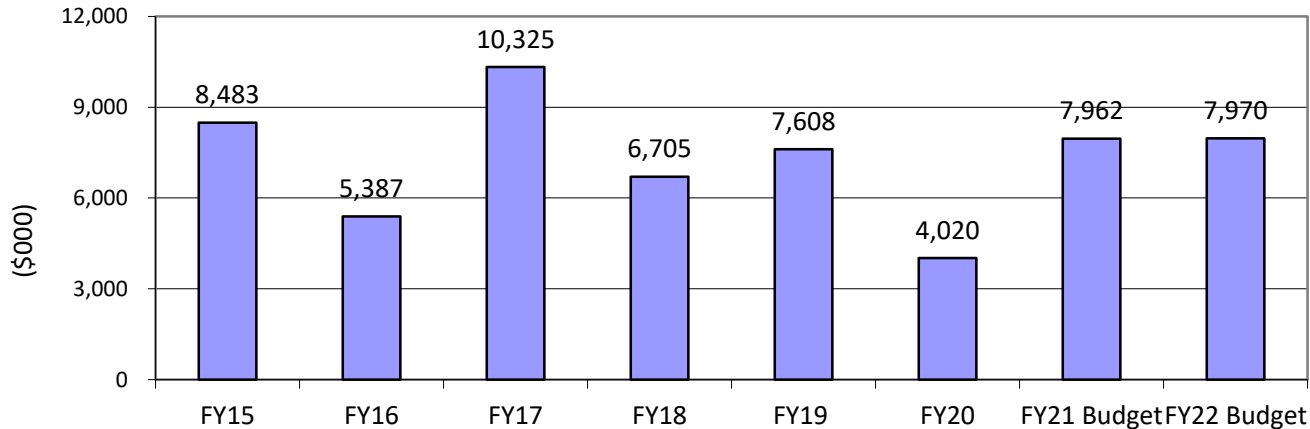
Moody's Rating Factors

Metric	Benchmark	FY22 Budget	3-Year Average FY20 - FY22
Debt Service Coverage Ratio	>1.25	4.45	3.96
Adj. Debt Service Coverage	>1.5	1.06	1.02
Days Cash on Hand	>90 days	97	113



Continued Robust Capital Program

Capital Spending - Net of Capital Contributions



- \$7.9M investment equates to 10% of net utility plant in service
- Assumes \$3M general obligation bond and at least \$3.7M from planned fall 2021 revenue bond
- Funds electric bucket truck, critical IT upgrades, maintenance at our generating plants, VELCO equity, and Net Zero programs

Plant Type	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Budget FY21	Budget FY 22
Production	3,912	1,630	1,363	778	928	1,207	2,023	1,209
Distribution	2,261	3,088	3,390	1,873	2,791	1,670	2,686	3,577
Transmission	1,717	0	3,012	3,020	2,696	671	1,106	1,150
General	593	669	2,560	1,034	1,193	471	2,148	2,034
Total	\$8,483	\$5,387	\$10,325	\$6,705	\$7,608	\$4,020	\$7,962	\$7,970



FY22 Budget Continues Strong Progress on Net Zero Energy

- 100% renewable electricity maintained
- Green Stimulus continues through calendar 2021, incentives for heat pumps, EVs, electric lawn equipment, e-bikes, energy efficient appliances, and more
- Funding for District Energy Phase 3 feasibility/development work
- BED Tier 3 incentives/rebates for electrification: \$676,800
- BED energy efficiency programs/rebates: \$2,005,800
- Additional Sustainability position (funded partly through energy efficiency program)
- New electric bucket truck
- Packetized Energy Phase 2 Demand Response Program
- Additional level 2 public charges and level 3 fast charger
- Funding for McNeil Solar Test Center with UVM
- Community Ambassador program

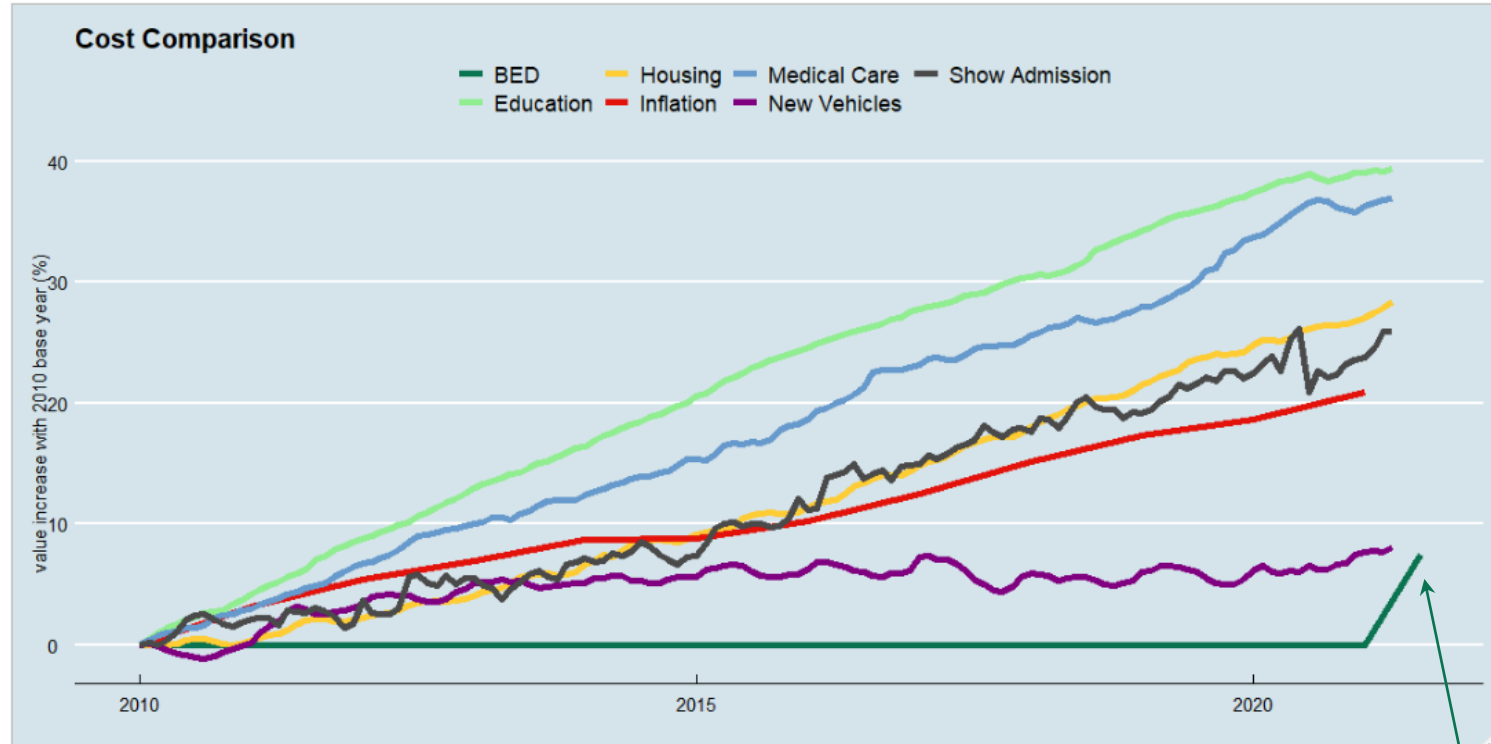


Rate Case

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Price of BED Electricity vs. Other Commodities



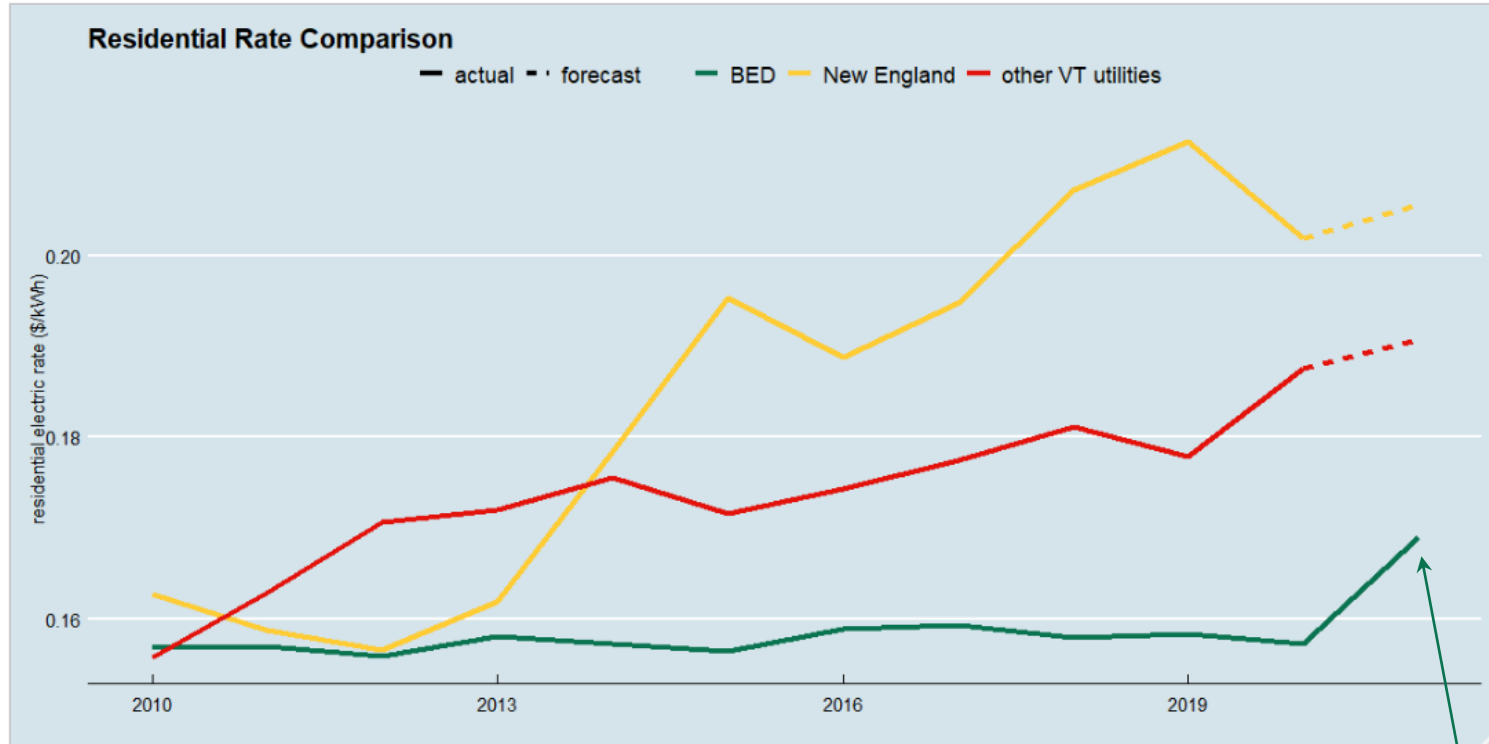
Proposed Increase

¹ Data sources range from FRED Economic Data and BED

² Show Admission includes price of admission for movies, theater and concerts



Rate Comparison: Residential, 2010-2021

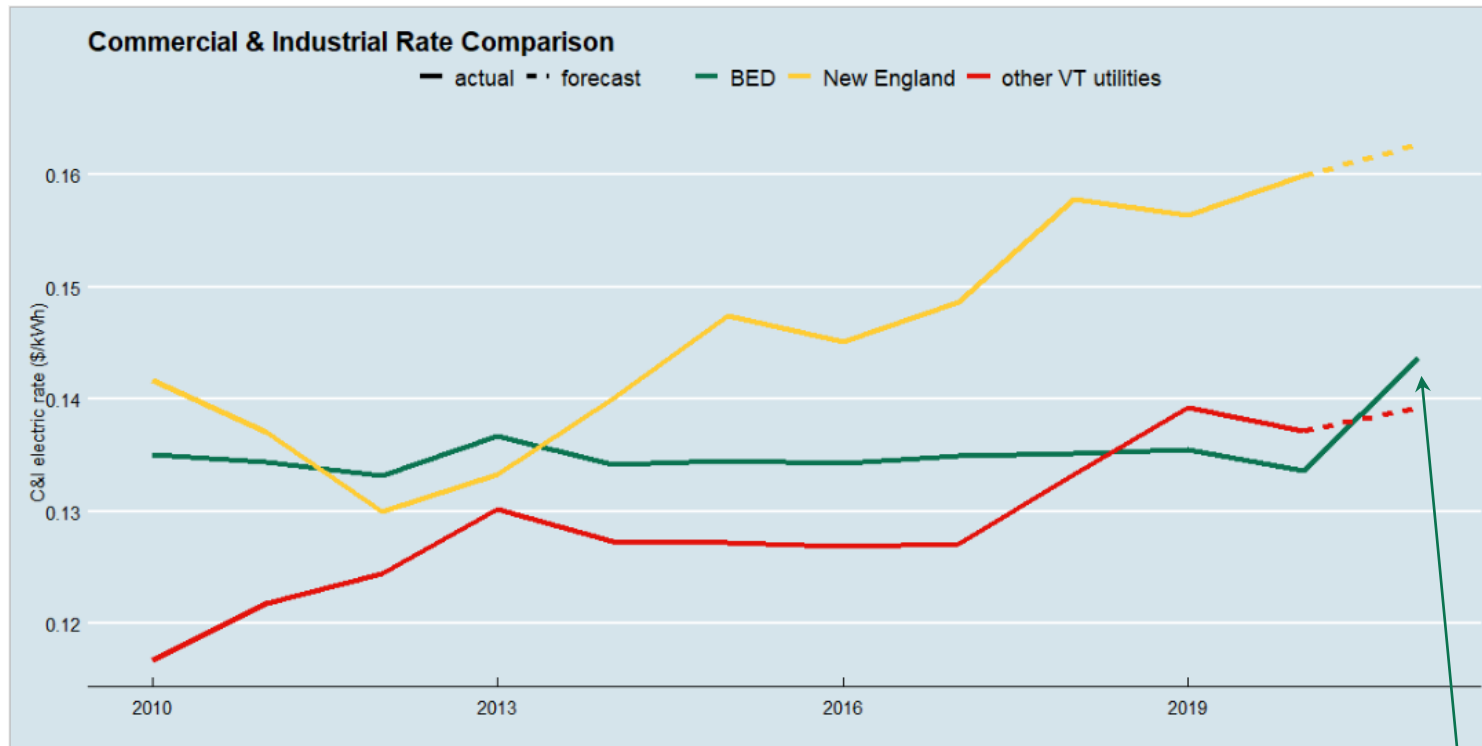


Source: BED sales data, EIA residential sales data up to 2019, model predicting sales for 2020-2021

Proposed Increase



Rate Comparison: Commercial & Industrial, 2010-2021

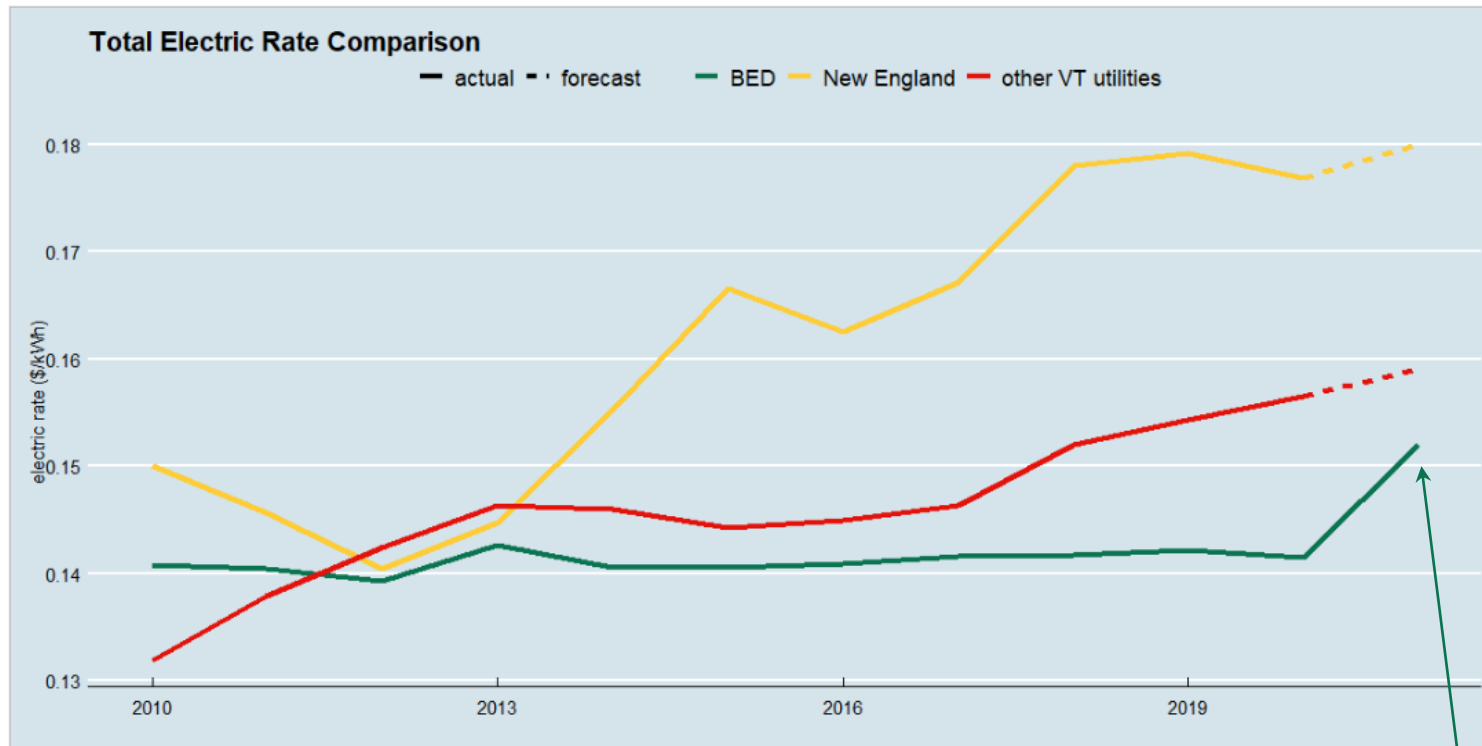


Source: BED sales data, EIA residential sales data up to 2019, model predicting sales for 2020-2021

Proposed Increase



Rate Comparison: Total Cost to Serve, 2010-2021

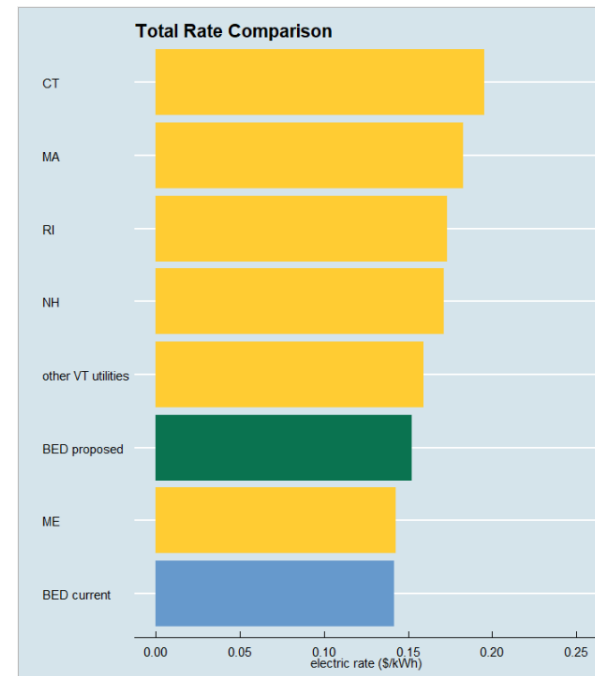
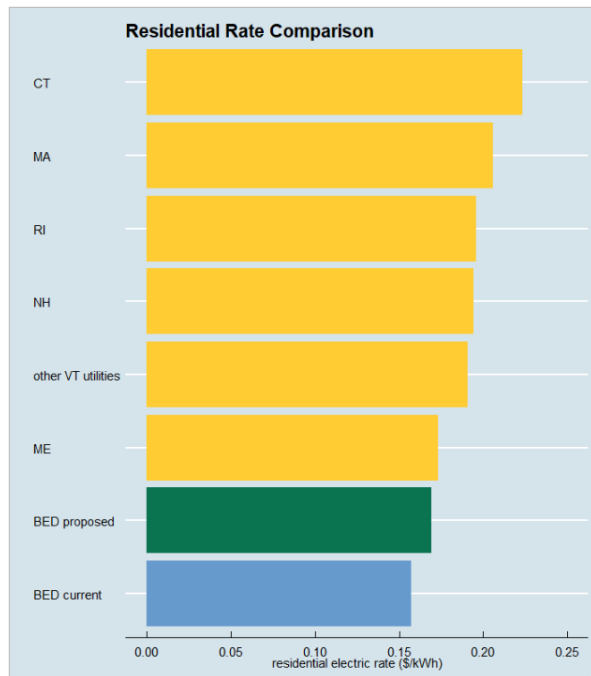


Source: BED sales data, EIA residential sales data up to 2019, model predicting sales for 2020-2021

Proposed Increase



2021 Rate Comparison

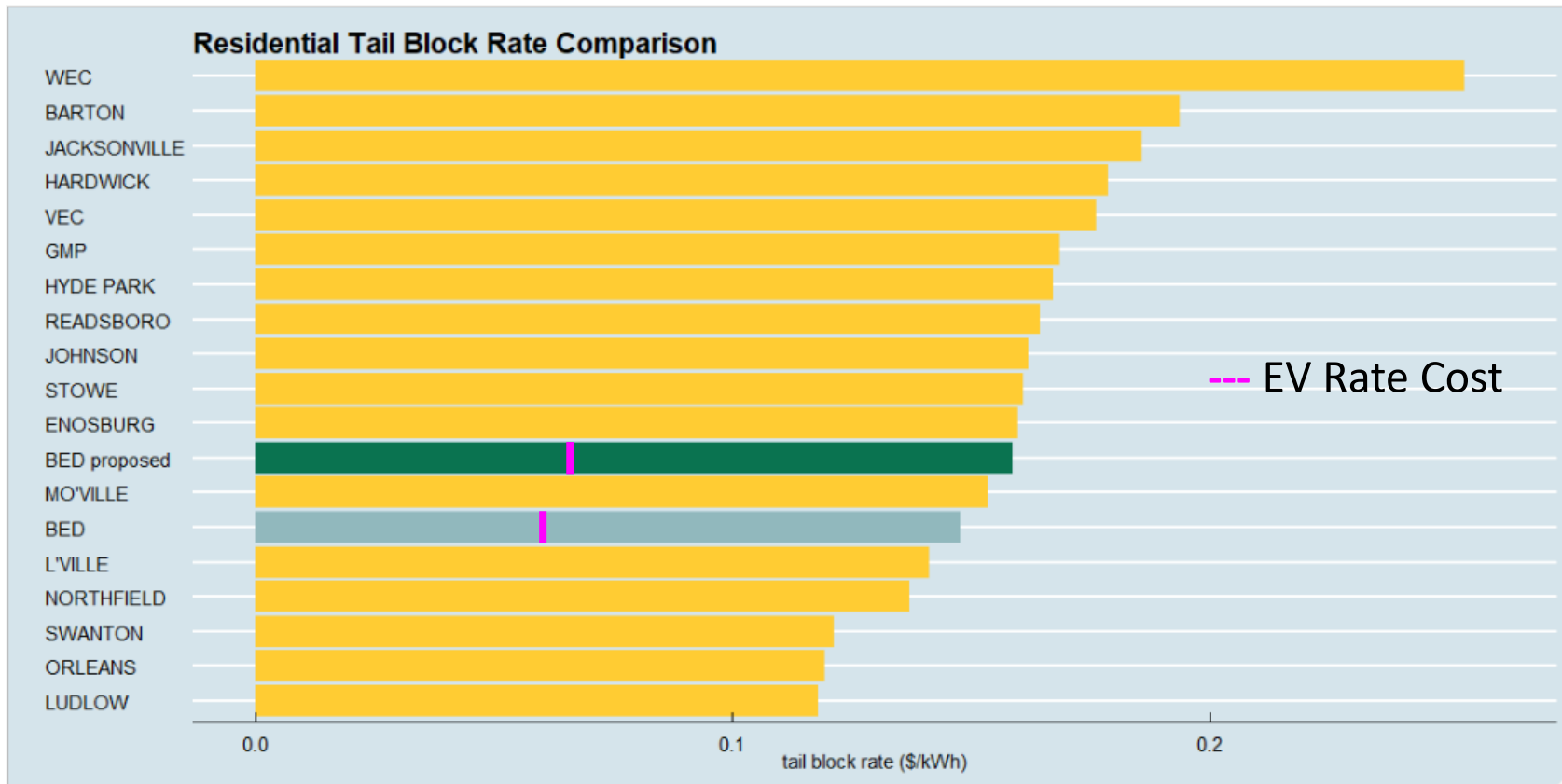


¹ Rates for other regions are based on a linear trend from historical data

² BED rates are projected for 2021 based on the proposed rate increase



Residential Tail Block Comparison





Effect on Residential Bills

	Average Monthly Use	Average Monthly Bill ¹		
		Current Rate	Proposed Rate	Increase
All Residential Customers	424 kWh	\$65.60	\$70.52	\$4.92
Low-to-Moderate Income Customers	346 kWh	\$57.00	\$61.27	\$4.27

¹ Accounting for Franchise Fee

² Includes usage data from 2019 to remove the effects of COVID-19 on energy usage



Temporary FY22 Energy Assistance Program

Proposal for mitigating impacts for low-income customers:

- The bill impact for low/moderate-income Residential Customers is on average \$4.27, but ranges based on electric usage
- Proposed monthly Energy Assistance would help offset the rate increase impact on the monthly bill
- Eligibility: 185% of Federal Poverty Level & Current Participant in Vermont State Fuel Assistance Program
- Anticipated to help over 1,300 residential customers based on current State Fuel Assistance Program enrollment